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HOUSE BILL 3145 By
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SENATE BILL 3142
By Herron

AN ACT to amend Tennessee Code Annotated, Title 54, relative to transportation and utility mandates on local government.

WHEREAS, the Constitution of the State of Tennessee, Article II, Section 24, prohibits unfunded mandates on local governments by providing that "[n]o law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost"; and

WHEREAS, the General Assembly, by passage in 1979 of T.C.A. §9-4-5301, deemed state-shared taxes flowing from the state to cities and counties as the funding vehicle for state mandates; and

WHEREAS, state-shared taxes are generated in local communities, collected by the state, and a portion is returned to cities and counties for local community needs; and

WHEREAS, there are a number of public policy reasons for local governments to receive state-shared taxes, including that the current system of tax sharing continues the state and local government fiscal partnership; minimizes the burden on the local property tax; maximizes efficiency in taxation; and ensures that local governments have the ability to comply with state mandates and to provide much needed local services such as public safety, education, transportation, and parks and recreation; and

WHEREAS, municipalities across Tennessee depend upon not only state-shared taxes but the growth of such taxes to ensure adequate revenue is available to keep pace with the rising cost of providing essential services and the need for improved services; and

WHEREAS, the General Assembly has expressed its intent in the general appropriations act to freeze the growth of state-shared taxes as of June 30, 2002; and

WHEREAS, freezing or cutting state-shared taxes would devastate local governments, forcing massive service cuts or local property tax increases to offset the losses as well as funding mandates imposed upon local governments by the state.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 54-5-803, is amended by adding the following as a new subsection (d):

(d) Notwithstanding any of the foregoing, as to any municipality that owns and operates a utility as set forth in §54-5-801(e), such utility shall not be required to pay or incur any cost in effecting relocation under this section, and instead such costs shall be borne entirely by the state. To the extent relocation costs are incurred by a municipality or municipal utility, such entity shall provide to the Commissioner a statement of all expenses incurred, and the state shall provide reimbursement within ninety (90) days after receipt of such invoice.

SECTION 2. This act shall take effect on July 1, 2002, the public welfare requiring it.